

MAKHADO MUNICIPALITY DRAFT ANNUAL BUDGET 2015/16- 2017/18

MTREF

3/26/2015



Vision: “A Dynamic Hub for Socio – Economic Development By 2025”

Mission: “To ensure effective utilization of economic resources to address socio- economic imperatives through mining, tourism and agriculture”

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EXECUTIVE MAYOR'S BUDGET SPEECH

TO BE TABLED AT MEETING

EXECUTIVE SUMMARY

Practices (GRAP), MFMA No.56 of 2003. The budget has also been compiled on a three year basis, which is a requirement of National Treasury. The budget process for the compilation of the three-year budget commenced in August 2011. The municipality were faced with various challenges during the compilation of the budget and reviewing the IDP such as the formulation of measurable objectives for the different functions, the financial implications of the organisational structure, capital costs, rising input costs to deliver services and increasing maintenance costs.

According to National Treasury MFMA Circular No. 28 of 2005: The draft budget documentation must be tabled to council not later than 31 March (90 days before the start of the budget year) and final budget to be adopted 31 May. .

- The projected overall spending envelope for the 2015/2016 MTREF amounts to R 823 100 000 in the operating budget and R 174 870 800 in the capital budget
- The total estimated operational revenue for 2015/2016 from own sources is R 392 619 000 and estimated R 358 596 000 from National, Provincial as grants and subsidies. The estimated Revenue is 14% above the current adjusted budget. On the other hand the proposed estimated expenditure for 2015/2016 annual budget 7% higher than the current adjusted expenditure.

Table: 1 Operational Expenditure 2015/2016 to 2017/2018

	2015/2016 Proposed budget	2016/2017 Forecasted Budget	2017/2018 Forecasted Budget
	R	R	R
Revenue	751 215 000.00	796 927 000.00	840 466 000.00
Transfers Capital	129 264 000.00	136 892 000.00	143 831 000.00
Expenditure	823 100 000.00	886 926 000.00	956 905 000.00
Resulting (Deficit)/surplus	57 379 000.00	46 893 000.00	27 392 000.00

- The 2015/2016 MTREF has been prepared within the context of reducing expenditure due to the municipality's weighty cash constraints and taking into consideration the implications of this increasing global costs thus to ensure that the financial sustainability of the council is sustained.

- The municipality has experienced the contraction in its revenue base (collection rate) emanating from the slow payments from consumers being for the services rendered to them. It is therefore means that more should be done with less income, without compromising on essential programs or services.
- A strategic write off undertaken in 2015/16, should also have a positive effect on increased collection rates and also the implementation of new valuation roll should see the collection rate increase from paying customers.
- In MFMA Circular No. 74 the National Treasury provides some guidelines as to how municipalities can respond to the economic crisis in their budget preparations. Our municipal revenue and cash flows are expected to remain under severe pressure in 2015/16 and so we must adopt a conservative approach when projecting the expected revenues
- Given the constraints on the revenue side, the municipality will expedite spending on capital projects that are funded by conditional grants but maintaining fiscal sustainability the commitment to deliver quality services. Maintaining all assets at a level adequate to protect the capital investment and minimize future maintenance future maintenance and replacement costs.
- The municipality is aimed at achieving clean audit reports in 14/15, reflecting the drive towards financial management excellence in the region and increasing spending on conditional grants
- The IDP review was prepared in alignment with budget and performance management plan objectives of the municipality, resulting in the development and approval of the Service Delivery and Budget Implementation Plan (SDBIP).

• **OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN 2014/2017 AND PUBIC CONSULTATION PROCESS :**

- A three (3) year capital budget has been prepared and built on the IDP document to be tabled in Council in March 2015.
- This budget compiled in line with the Municipal Budgeting and Reporting Regulation (MBRR) notice no 31804 of 2009 provides comparative financial information over a systematic number of years. The extent of the indigent support granted by Council to indigent households in the Municipal area will be determined based on budgetary allocation for a particular financial year and the tariff charges.
- The key focal point of the municipality is ensuring that its budget complies with the following three criteria:

Sustainability, to ensure that the municipality has sufficient revenue and adequate corporate and financial stability to fund and deliver on its budget.

Credibility, to ensure that the municipality, with its ability and capacity to spend, deliver in terms of its budget.

Governance, that the Municipality has appropriate capacity and stability to ensure the long term sustainability of service delivery.

Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Economic Development.
- LED support and implementation.
- Integrated Land Use Management System.
- Implementation and monitor of a Performance Management System. (PMS).
- Environmental Management.
- Optimize tourism potential.
- Rural Development
- Poverty alleviation, particularly in rural areas.
- Service backlogs (water, sanitation, electricity, roads, storm water, solid waste, cleansing) needs to be addressed.
- Upgrading and maintenance of roads and storm water, electricity, water, sewer and purification networks.
- Improve access and linkages between towns, informal and rural settlements.
- Public transportation should be improved. Bus and taxi ranks must be upgraded and the railway line should be better utilized. Improve solid waste management.
- Broaden Revenue Base.
- Implementation of the HIV/AIDS plan.
- Crime prevention (Safety and Security).
- Construction of new and upgrading of existing educational facilities on all levels
- Development, however the lack of timely suitable engineering services have limited development at this point in time, however the municipality has embarked on the formulation of a development Strategic plan for accelerating infrastructure including development of a landfill site

Water supply

The Vhembe District municipality is the water service authority for the Municipality. A service level agreement has been signed with the District and the municipality has the status of a water services provider. In some areas within the Municipality boreholes are drying up and the water consumption level at the Air force base is extremely high. The base sources its water from the underground reserves and as such this places severe burden on the water source.

Most rural communities do not have access to water at household level. The provision of water is limited and the supply does not meet the required minimum RDP standards for water provision.

To ensure sustainable governance practices within the Municipality

- Corporate governance practices (legal compliance)
- Business leadership / management (planning, structuring, culture, performance management, stakeholder relations management, communication)
- Resource management (people management, financial management, ICT management, asset management)

• **OVERVIEW BUDGET RELATED POLICIES**

The municipality has various policies which relate to budgeting and financial management in the municipality. These Financial policies comply with the MFMA and its promulgated regulations. The following budget related policies are being have been **amended**.

- Budget Policy – 2015/2016
- Credit Control and Debt Collection
- Subsidy Scheme on Indigents Policy
- Investment of Funds and Principles Policy
- Asset Management Policy
- Tariff and Free Basic Services Policy
- Principles on the Writing -off of Irrecoverable Debt Policy
- Budget Virement Policy Supply Chain Management Policy
- Borrowing Policy
- Funding and reserves policy
- Expenditure Management Policy
- Revenue Management Policy Revenue Property Rates policy

By-laws

- Property Rates By-law

OVERVIEW OF BUDGET FUNDING

The operating expenditure budget for 2015/2016 amounts to R 823 100 000 as compared to the previous revised budget of R 764 667 000 in the 2014/2015 financial year. This represents an increase of 7.10%

Provision has been made for the provision of free basic water and sanitation from the municipal water infrastructure grant of R 22 653 000 that is allocated to Vhembe district

A1 shows budget summary, A3 and A4 attached to this report shows budgeted financial performance, table A6 shows budgeted financial Position and table A7 shows budgeted cash flows for financial year 2014/15

INCOME

The operating income for 2015/16 is budgeted at R751 215 000 which leaves a marginal operating surplus of R 91 541 000 but includes not cash items such as depreciation and impairment of bad debts.

Provision has been made to supply all households serviced by the Council with 6Kl of water free of charge. To partially cover the expenditure of the operating budget all tariffs of the Council were investigated and where necessary they were increased in line with the National Treasury's MFMA circular 74.

R thousands	Adjusted Budget 2014-15	Budget Year 2015/16	Variance
Property rates	41 666	44 083	5.48%
Service charges	266 736	298 683	10.70%
Investment revenue	3 136	3 318	5.48%
Transfers recognized - operational	291 305	358 596	5.48%
Other own revenue	43 983	46 535	5.48%
Total Revenue (excluding capital transfers and contributions)	646 827	751 215	14%

Expenditure:

The growth in the expenditure is does not increase in the same proportion as tariffs as service charges such as electricity, property rates are have various costing basis , and also electricity projected increases in tariffs will be capped by the final NERSA approval but currently at a 12% increase.

Funding of the operating budget is mainly from the Equitable share allocation, MIG operating subsidy grant and partial own income

The municipality is currently reviewing the budget related processes to support the implementation of the Service Delivery and Budget Implementation Plan.

Salaries increased from R 229 757 00 for the 2014/2015 financial year's revised budget to an amount of R 241 171 000 for the 2015/2016 financial year (excluding councilors), For councilors the expenditure budgeted expenditure increased from R 21 705 000 to R 22 964 000 which is due to the fact that some critical vacancies will be filled in order to sustain service delivery and sustainable financial reporting. The total salary package of the Council amounts to 2.30% of the total expenditure.

R thousands	Adjusted Budget	Budget Year 2015/16	Variance in cos increase
Employee costs	229 757	241 177	4.74%
Remuneration of councillors	21 705	22 964	5.48%
Depreciation & asset impairment	145 015	153 426	5.48%
Finance charges	5 901	6 243	5.48%
Materials and bulk purchases	189 898	216 939	12.46%
Transfers and grants	–	–	
Other expenditure	172 390	182 350	5.46%
Total Expenditure	764 667	823 100	7.10%

PROPOSED TARIFF INCREASES

Proposed tariff increase on other services are as follows:

SERVICE	2014/2015	2015/2016	2016/2017
Electricity	12.20%	12.20%	12.20%
Property rates	5.8%	5.5%	5.3%
Other services	5.8%	5.5%	5.3%
Sundry tariffs	5.8%	5.5%	5.3%

GENERAL EXPENSES

General expense has been provided for at R 172 350 000 in 2015/2016 financial year operational estimates.

Operational contracts having future budgetary implications

- Extension of municipal offices
- Rental under fleet management–,petrol cards and tracker systems and 3rd party road assistance to be introduced
- IT infrastructure upgrading and related policy overhaul in progress
- Phase in Data cleansing for revenue systems
- Infrastructure assets management consulting costs as required by accounting standards.
- Extensive Electricity Tariff restructuring consulting costs as recommended by NERSA ad Eskom

Overview of budget assumptions

Introduction:

- This section of the budget report provide comprehensive summary of all the assumption used in the budget proposal. Budgets are prepared in an environment of uncertainty and assumptions need to be made about both internal and external factors that could impact on the budget during the course of the financial year. It should be noted the longer the longer the period the more

uncertainly and vice versa, the two outer period as presented on the budget are more likely to be missed than the 2014/15 estimates.

- National Treasury estimate inflation rate of 5.4% and 5.8% in 2015 and 2016 respectively. Inflation rate is expected to come within the targeted range of 5.5 - 5.8 % in 2015/16.

Prices increases on various items on the budget were assumed as follows:

- Price movements on bulk purchases: Based on the application response awaiting from NERSA for the proposed electricity tariff increase of 12 % also in line with the National Treasury guidance
 - Employee costs were increased by *5.8 per cent plus 1.per cent* which is also guided by national Treasury general employee costs increase
 - Overtime and leave payment: it was assumed that leave will be paid only on termination due to resignation or death. It was assumed that the municipality will not purchase any leave in cash during the year.
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- **Depreciation Expenses:** Depreciation expenses increase by 5.8% based on the current expenses and 5.8% increase in acquisition of new assets.
 - **Interest on borrowing:** Currently prime lending rate is 9.25% and based on the inflation rate above, stable interest rate is expected during the budget period under review.
 - **Collection rate:** collection rate of 80% was assumed during 2015/16 budget period. This was based on the current collection rate, and the fact that the focus economic growth suggests no major improvement in collection levels.

CAPITAL BUDGET

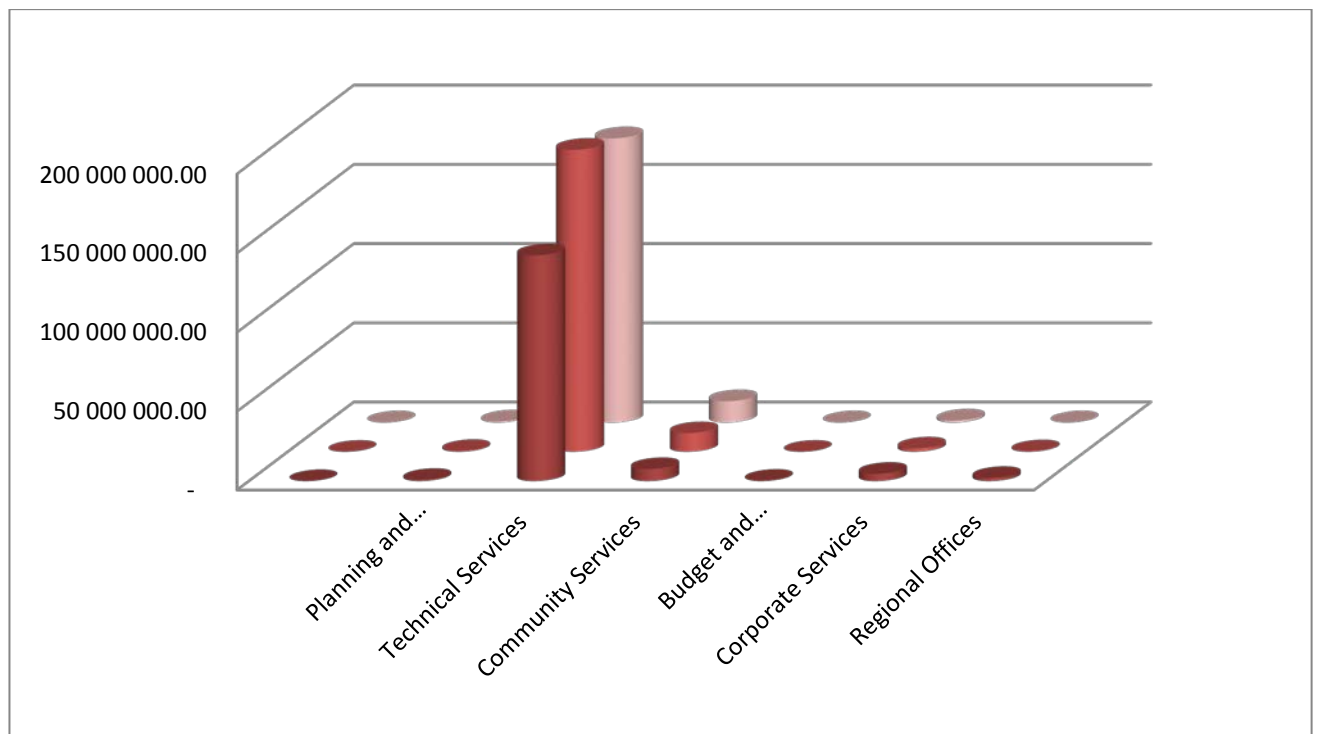
The capital amount required for 2015/2016 amounts to **R 166 492 000** of which **R37 650 000** should be funded out internally generated income.

Many of the capital projects required by the Managers were reduced due to a lack of funds and the increasing maintenance costs and fund availability in the light of the municipality's financial constraints.

The composition of the Capital Budget is made up as follows:

SUMMARISED DRAFT ANNUAL CAPITAL BUDGET FOR 2015/2016 TO 2017/2018 FINANCIAL YEA

DEPARTMENT	2015/2016	2016/2017	2017/2018
Planning and Development	329 000.00	55 000.00	60 000.00
Technical Services	148 944 000.12	190 052 000.00	180 371 000.00
Community Services	7 638 000.00	9 895 000.00	7 650 000.00
Budget and Treasury	7 000 500.00	3 000 000.00	3 000 000.00
Corporate Services	1 164 800.00	600 000.00	200 000.00
Regional Offices	1 416 500.00	200 000.00	200 000.00
TOTAL	166 492 800.12	203 802 000.00	191 481 000.00
FUNDING SOURCES	2015/2016	2016/2017	2017/2018
INCOME	37 228 800.12	61 910 000.00	37 650 000.00
MIG	112 264 000.00	116 892 000.00	123 831 000.00
INEP	17 000 000.00	20 000 000.00	20 000 000.00
DBSA LOAN	-	-	-
TOTAL	166 492 800.12	203 802 000.00	191 481 000.00



The growth in the expenditure budget is mainly attributed to:

- Increased spending to addressing maintenance backlogs in infrastructure
- Increased spending on employee related costs
- Increased spending attributable to bulk purchasing costs for electricity and increased servicing cost relating to borrowing.
- On-going issues requiring monitoring and evaluation, consequently, they should carefully be monitored and evaluated:
- Maintenance backlogs in respect of Council's assets – adequacy of budgetary provisions
- Maintenance of current collection rates
- Effectiveness of debt collection

SUMMARY OF MIG PROJECTS	SOURCES	2015/2016
Tshikota upgrading of streets and Pretorius	MIG	1 936 405
OK/ Shoprite Traders market revitalization project	MIG	-
Magau road phase 1	MIG	22 000 000
Sereni Themba to Mashamba post office access road and bridges	MIG	-
Tshivhulana to Tshilaphala access road phase 2	MIG	13 976 988.13
Iedig	MIG	9 387 156
Waterval streets and stormwater rehabilitation	MIG	
Robert Khoza street (Chavani to Bungeni road)	MIG	23 000 000
Landfill site Makhado + recycling centre	MIG	5 000 000
Tshivhazwaulu to Rasivhetshela road phase 1	MIG	23 811 988
Piesanghoek to Khunda road and stormwater	MIG	-
Upgrading of Bungeni sports facilities	MIG	-
Upgrading of Vuwani sports facilities	MIG	2 492 678
Mudimeli bridge	MIG	5 758 786
Tshikwarani to Zamkomste Road	MIG	500 000
Tshirolwe, Matsa to Manyii road	MIG	600 000
Tshedza to Vuvha road	MIG	500 000
Establishment of Waste drop-off point at TshimbTpe and Bungeni Villages	MIG	2 000 000.00
Hawkers facility upgrading (Dzanani)	MIG	200 000.00
Concrete Palisade Waterval Stadium	MIG	800 000.00
Waterval Stadium Ablution Facility	MIG	300 000.00
TOTAL		112 264 000

SUMMARY OF ELECTRIFICATION PROJECTS

Allocations on grants made by the municipality

Section 17 (j) of the MFMA requires the municipality to disclose in its budget documentation the amounts of any proposed allocations or grants by the municipality to other municipalities, municipal entities, other organs of state or any outside body/organization. The Council allocates grants-in-aid, discretionary grants, and grants by councilors (included in the operating budget) on an annual basis to needy organizations, based on business plans indicating the proposed usage of such funds.

ELECTRIFICATION PROJECTS:2015/2016

ELECTRIFICATION							
CODE	DEPT	ITEM	DESCRIPTION	SOURCES	2015/2016	2016/2017	2017/2018
MC	678	407256	Electrification for Eskom Licenced Areas	INEP	17 000 000	25 000 000.00	30 000 000
MC	678	407220	Electrification in Eskom+ top up from income	INCOME for INEP PROJECTS	-	8 000 000.00	800 000.00
MC	678	407224	Leeu street development Ext 13	INCOME	-	10 000 000.00	-
MC	678	407223	Link and bulk services Ext 12 (38 erven)	INCOME	-	600 000.00	-
MC	657	404072	New offices at the elect workshop	INCOME	-	600 000.00	2 500 000.00
MC	678	407221	Post Connections & extensions Makhado Area	INCOME	-	6 000 000.00	3 000 000.00
	678	407238	MAGAU	INCOME	546 410		
	678	407240	TSHIOZWI & GOGOBOLE	INCOME	2 101 576		
	678	407241	RAMANTSHA/RIVERSIDE	INCOME	1 281 962		
	678	407242	MADODONGA	INCOME	735 552		
	678	407243	MANAVHELA	INCOME	472 855		
	678	407244	MAKHITHA/TSHIKODOBO/ZAMEKOM	INCOME	388 792		
	678	407245	MAKUSHU	INCOME	472 855		
TOTAL					23 000 000	52 700 000.00	36 800 000.00

Funding of the budget: Section 18(1) of the MFMA states that the annual budget may only funded from:

- Realistically anticipated revenue.
- Cash backed accumulated funds, from previous year's surplus not committed for other purpose.
- Borrowed funds but only for financing of capital budget.

Funding source for the Capital Budget:

Confirmed to date Capital Budget is funded largely from government grants, mainly from MIG which amounts to R112 264 000 million in 2015/16. The own funded projects is proposed to be funded from own funding to the value of million.

The rest will be funded from as follows:

The following is the summary of grants allocations as per DoRa March 2015

MAKHADO MUNICIPALITY DORA ALLOCATION	FINANCIAL YEARS		
	2015/2016	2016/2017	2017/2018
Local Government Financial Management Grant	1 600 000	1 625 000	1 700 000
Municipal System Improvement Grant	930 000	957 000	1 033 000
Municipal Infrastructure Grant	112 264 000	116 892 000	123 831 000
Integrated National Electrification Programme Grant	17 000 000	20 000 000	20 000 000
Equitable Shares	354 731 000	360 778 000	358 823 000
Expanded Public Works Programme(EPWP)	1 335 000	NYA	NYA
Energy Efficiency &Demand Side Management	5 000 000	5 000 000	5 000 000
TOTAL	492,860,000	505,252,000	510,387,000

CASH FLOW PROJECTION

- We project to start the year with negative balance cash / cash equivalents and project an average collection rate for the coming financial year of 80-85%. Based on these assumptions the projected income for the year will not exceed the projected expenditure.
- It is therefore important that the impact of increased expenditures for each service delivery area carefully be considered with the next budget cycle to ensure that each service remains financially sustainable over the medium term with the least impact on the communities.
- The adjustment budget will have significant effect on the service delivery targets and performance indicators of Council thus revision is required per department.
- Projected cash flow is attached and suggest the projected cash flow surplus of R1 605 000 of by 30 June 2015
- The average collection rate for main tariffs for the current financial year to date is 85%
- It is suggested that the proposed expenditure levels be reduced to maintain stability in payment of creditors within 30 days of receipt of invoice Therefore the municipality will have to monitor its operational expenditure closely and safe as much as possible, curb all non-essential and non-service delivery expenditure and ensure that the budgeted collection rate is achieved to enable the municipality to function efficiently and deliver services to the community.

- It is recommended that the municipality's proposed operating and own funded capital budget is reduced for the time being and if the collection rate of 85% is proved to be achievable and maintainable, the surplus that may become available in the next 36 month period which could then be utilized to motivate an increase in the own funded capital budget at the time when the municipality considers its adjustments budget

- **BUDGET PROCESS AND KEY STAKEHOLDER RELATIONS**

31 August	<ul style="list-style-type: none"> • The Mayor tables at Council for approval the IDP and Budget Process Plan in terms of Section 21 of the Municipal Systems Act and Section 34 of the Municipal Finance Management Act. • Distribution of the Council approved IDP and Budget Process Plan to all relevant stakeholders.
September	<p>Strategic Planning Session to review the current strategic plan of the Municipality, review of past service delivery performance and determine future multiyear political priorities, KPAs, KPIs and Programmes.</p> <p>The Budget Office prepares an initial Medium Term Financial Forecast (MTFF) and indicates the likely level of resources to be available.</p>
October	<p>Public Consultation Process with the community, and other key stakeholders on service delivery performance for the prior year and current year-to-date. Share information on the political priorities and programmes planned for the year/s ahead. Confirmation of ward based priority needs for the year/s ahead.</p>
November	<p>Compile report on the needs for the year/s ahead obtained from the community and other key stakeholders.</p> <p>Prioritisation process of community needs and projects</p>

December	<p>Second Strategic IDP/Budget Workshops for Mayoral Committee members and Senior Management Team: outcomes</p> <ul style="list-style-type: none"> • IDP proposals and Budget alignment • Agreement of any changes the Mayor should propose to the IDP for 2015/16. <p>Finalize the review of the Municipal Situational Analysis Chapter (Chapter 2) of the IDP.</p> <p>Senior Management start reviewing the stage 1 IDP/Budget/SDBIP process input forms (IDP changes, capital project proposals, and operational budget growth requests)..</p>
January	<p>The Mayor tables at Council:</p> <ul style="list-style-type: none"> • the 2014/15 mid-year performance and budget assessment reports • Review of the draft mid-year performance and budget monitoring reports. • The 2013/14 Annual Report
February	<ul style="list-style-type: none"> • Agreement of the draft 2013/14 Adjustments Budget Report to be tabled at Council <p>Executive Management Team meets to:</p> <ul style="list-style-type: none"> • prepare for Strategic IDP/Budget/SDBIP Workshop • discuss the draft 2015/2016 IDP inputs • discuss the 2015/2016 budget proposals
March	<p>Third Strategic IDP/Budget Workshop for Mayoral Committee members and Senior Management Team: outcomes</p> <ul style="list-style-type: none"> • Agreement of the proposed changes to be made to the IDP to be included in the March Council Report.

	<ul style="list-style-type: none"> • Agreement of the 2015/16 budget proposals to be included in the March Council Budget Report. <p>The IDP, Budget Report, and draft SDBIP tabled at all relevant Portfolio Committees and Mayoral Committee prior to tabling at Council.</p> <p>The Executive Mayor tables the Municipality's Draft 2015/16 Budget Report and IDP at Council.</p>
April	<p>Statutory public participation process undertaken on the tabled Draft IDP and Budget for 2015/16. Council obtains the views of the local community, National Treasury, Provincial Treasury, other district, provincial and national organs of state and municipalities.</p> <p>Finalization of 2015/2016 SDBIP.</p>
May	<p>A report on the representations arising from the statutory consultation exercise is written.</p> <p>Fourth Strategic IDP/Budget Workshop for Mayoral Committee members and Senior Management Team: outcome</p> <ul style="list-style-type: none"> • To decide whether Council needs to be asked to make changes to the IDP/Budget Report tabled in March to incorporate representations from the community and other stakeholders, and for other reasons unforeseen in March. <p>The IDP, Budget Report, and draft SDBIP tabled at all relevant Portfolio Committees and Mayoral Committee prior to tabling at Council.</p> <p>The Executive Mayor tables the Municipality's 2015/16 Budget Report, IDP, and draft SDBIP at Council for final approval.</p>
June	<p>The IDP and Budget Reports are placed on the municipality's website and sent to National and Provincial Treasuries.</p> <p>The Executive Mayor must agree and approve the 2015/2016 SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with section 57(2) of the Municipal</p>

	Systems Act. The Executive Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The Executive Mayor submits the approved 2015/2016 SDBIP and performance agreements to Council, MEC for local government, and makes it public within 14 days after approval.
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Special Council Meeting Executive mayor tables budget (pre-community consultation) to Council

- Draft Budget Made available on the municipality's website, municipal offices and notice placed in all major newspapers informing members of the public about the draft budget and inviting written submissions/representations.
- Budget discussions Ward committees/Stakeholders.
- Community consultation to present and discuss the draft budget proposals
- and receive inputs/ submissions
- Closing of Public and internal Submissions to close on end of April 2015.
- Special Council Meeting Mayor delivers budget speech and submits final budget to Council for consideration and approval.

Process to record and integrate inputs from the community

- After consideration of all budget submissions the Executive Mayor must be given the opportunity to respond, if necessary revise the budget and table amendments for consideration.
- To ensure that all community inputs are recorded and integrated, throughout the consultation period, a system were initiated to ensure that:
- All written submissions were required to be directed to the main municipal offices for further reprocessing department, who would maintain a record of lodgments and direct submissions to the appropriate department for comment and recommendation.
- All verbal questions at community consultation meetings would be recorded, together with the answer provided at the meeting or referred an appropriate representative to the appropriate department for comment and recommendation.
- Where possible, the submissions and presentations received during the community consultation process and additional information regarding revenue and expenditure will be addressed before tabling of the final budget.

SDBIP

The SDBIP document is at final preparation stage taking into considerations provisions of the MFMA

Audit committee

An audit committee has been established in terms of the MFMA

Activity and purpose participants:**Public:**

All applicable By-laws to be adopted

Provincial Treasury

Provincial Treasury will analyze and evaluate the draft budget and give their inputs to the Mayoral committee. Comments received from them will be included if necessary.

National Treasury

A copy of the draft budget will be submitted to National Treasury

RECOMMENDATIONS (ADMINISTRATIVE MANAGEMENT)

1. THAT the final Capital and Operational Estimates for the 2014/2015 financial year as more fully recorded in Annexure A attached to the report in this regard be approved and that the Accounting Officer proceeds with the publication of the final Annual Budget as purposed in section 22 of the Local Government: Municipal Finance Management Act, No 56 of 2003, and the Regulations promulgated in terms thereof.

2. THAT the following 2015/2016 budget related policies be approved as more fully set out in Annexures 1 to Annexure 18 attached to the report in this regard-

Policies

- 2.1 Virement Policy
- 2.3 Credit Control and Debt Collection Policy
- 2.4 Tarrif policy free basic services
- 2.5 Borrowing policy
- 2.6 Expenditure Management Policy
- 2.7 Funding and Reserves Policy
- 2.8 Budget Policy
- 2.9 Framework for cashflow management

- 2.10 Asset management policy
- 2.11 Investment Policy
- 2.12 Subsidy for indigent household policy
- 2.13 Uniform Credit Control Policy
- 2.14 Debt writte off policy
- 2.15 Property Rates Policy
- 2.16 Property Rates By-Law
- 2.17 Supply Chain Management Policy
- 2.18 Revenue Management Policy
- 2.19 Travel and Subsistence Policy

3. THAT note be taken of the amendment to the contents of the Property Rates By-law, of which the necessary promulgations provisions related to municipal property rates will be undertaken after public consultation thereof.

4. THAT it be noted that the 2015/2016 Estimates will after approval by the Council in terms of section 22 of the Municipal Finance Management Act, be submitted to National Treasury and the Provincial Treasury.

PART 2 – ANNUAL BUDGET TABLES

